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FISCAL IMPACT STATEMENT

LS 7076

BILL NUMBER: HB 1266

NOTE PREPARED: Mar 5, 2004

BILL AMENDED: Mar 4, 2004

SUBJECT: Internet-Based Public Purchasing.

FIRST AUTHOR: Rep. Ayres

FIRST SPONSOR: Sen. Riegsecker

BILL STATUS: Enrolled

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill authorizes the Department of Administration to establish Internet sites designed to facilitate state public purchasing. It requires the Department of Administration to establish rules and fees for the use of Internet purchasing sites in cooperation with the Intelnet Commission and the State Board of Accounts. The bill permits a purchasing agency to conduct online reverse auctions for purchases of supplies. It also establishes procedures governing the conduct of an online reverse auction.

Effective Date: Upon passage; July 1, 2004.

Explanation of State Expenditures: The state has purchased a financial system from the PeopleSoft corporation and is in the process of implementing the procurement module for the state. Training was scheduled to be completed by February 2004, so most state agencies should be trained on the procurement system by the time the online purchasing procedures are implemented.

The state could incur some additional cost in obtaining the expansion of the PeopleSoft license and additional hardware to facilitate the online reverse auction component of the bill. The bill allows the Department of Administration to charge a user fee paid by bidders using the Internet purchasing site or the reverse auction option. Assuming the user fees cover the additional costs, the bill could reduce state and local expenditures by providing greater purchasing options.

Explanation of State Revenues:

Explanation of Local Expenditures: Counties, municipalities, and school corporations could develop their own Internet purchasing sites or use the state's purchasing site in order to take advantage of these provisions. The cost of developing the sites or the cost of using the state's site is unknown but would be done with

existing revenues.

Explanation of Local Revenues:

State Agencies Affected: All Agencies.

Local Agencies Affected: Counties, Municipalities, and School Corporations.

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